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**CITY OF WILMINGTON
AUDIT COMMITTEE MEETING
FEBRUARY 2, 2009
10:30 AM**

AGENDA

Attendees:

Sterling Cheatham	Debra Mack	Bryon Dorey
Kristi Tomey	Allison Collins	
Margaret Haynes	Barbara Jackson	
Ronald Sparks	Daryle Parker	

Location: City Manager's Conference Room

Subject:

- I. New Fraud Policy - Released 11.1.08 & Employee Fraud Policy Training Update***
- II. Pending Approval of Procurement Card Audit Report - Released January 15, 2009***
- III. Pending Approval of June 30, 2008 City of Wilmington Comprehensive Annual Financial Report (CAFR)***
- IV. Red Flag Rules – Identity Theft Act Update – Released Policy***

I. City of Wilmington's New Fraud Policy was implemented as of November 1, 2008. The City's new Fraud Policy covered the following items.

- Identifying Fraud and red flags to look for on a day to day basis
- Ways to Report Fraud (from all levels of the organization as well as internally & externally)
- Consequences of positively identified Fraud (for employees and external contractors, vendors, etc)

In reference to the new Fraud Policy, Fraud Policy Training is being completed with employees in the Lord Spencer Conference Room on the following dates from 9:30am to approximately 11:30am. If you would like to attend one of the sessions please let Internal Audit know as soon as possible.

- February 3, 2009 / February 5, 2009 / February 10, 2009

II. A recent Procurement Card Audit Report was completed and released to the City Manager as of 1.16.09. The following issues were identified:

1. Instances of NON-COMPLIANCE with City of Wilmington's Procurement Card Policy and Cardholder Manual.
2. The reconciling and approving of procurement card monthly statements NEEDS IMPROVEMENT.
3. Several instances were identified where departments are NOT submitting original detailed receipts and statements are still being approved by supervisors and processed by procurement card administrators.
4. The City of Wilmington's procurement card policy updates and/or amendments leaves some cardholders unsure of proper procedures and allowable charges.
5. Use of procurement cards for office supplies, cellular equipment and gasoline purchases has resulted in the loss of substantial savings by the City of Wilmington by not utilizing the existing contracts and gasoline cards that are available.

III. June 30, 2008 CAFR – Released by the Finance Department as of December 18, 2008

IV. Update on the Red Flag Rules – Identity Theft Act – The requirements for this act have been delayed six months by the Federal Government from November 1, 2008 to May 1, 2009. As of May 1, 2009 all agencies must be in compliance.